GOVERNMENT OF INDIA
URBAN DEVELOPMENT
LOK SABHA

UNSTARRED QUESTION NO:1172
ANSWERED ON:24.10.2008
URBAN LOCAL BODIES
Bhargav Shri Girdhari Lal

Will the Minister of URBAN DEVELOPMENT be pleased to state:

(a) whether the Government has engaged credit rating agencies to assess the fiscal performance and capabilities on project execution of Urban Local Bodies (ULBs);

(b) if so, whether the Urban Local Bodies (ULBs) would now be eligible to raise funds directly from lending institutions such as world Bank and Asian Development Bank; and

(c) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF URBAN DEVELOPMENT(SHRI AJAY MAKEN)

(a): Four credit rating agencies namely, Indian Credit Rating Agency (ICRA) Ltd., FITCH Ratings India Ltd., Credit Analysis and Research Ltd. (CARE) and CRISIL Ltd. have been entrusted with the task of assigning credit ratings to 69 ULBs under Jawaharlal Nehru National Urban Renewal Mission (JNNURM). The credit ratings of the cities will facilitate ULB`s access to funds from different financial institutions as well as municipal bound markets subject to their fulfilling other requisite criteria.

(b)&(c): Urban Local Bodies (ULBs) cannot borrow directly from the multilateral lending institutions such as World Bank and Asian Development Bank. However, ULBs can borrow from them with the permission of the respective State Governments who may also require the prior concurrence of the Government of India in accordance with provisions of Article 293 (3) of the Constitution of India.